

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 COME-00 EB-07 LAB-04 SIL-01 TRSE-00 FRB-03
/073 W

-----261652Z 056563 /43

P 260242Z MAY 77
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC PRIORITY 7653
INFO HQ USAFE RAMSTEIN AB GERMANY DP PRIORITY

C O N F I D E N T I A L ANKARA 4106

E.O. 11652: GDS
TAGS: ELAB, MILI, TU
SUBJECT: TUSLOG/BOEING -- DEFENSE WORKERS UNION NEGOTIATIONS

1. NEGOTIATIONS BEGAN MARCH 16, 1977, FOR NEW COLLECTIVE LABOR AGREEMENTS BETWEEN TUSLOG AND BOEING SERVICES INTERNATIONAL AS EMPLOYERS AND THE TURKISH DEFENSE WORKERS' UNION (HARB-IS) AS REPRESENTATIVES OF THE 4200 WORKERS COVERED BY THESE CONTRACTS. MANY TEDIOUS HOURS OF BARGAINING HAVE BEEN PUT IN ON ADMINISTRATIVE PROVISIONS, EMPLOYERS' RIGHT TO MANAGE, UNION MEMBERSHIP AND DUES, WORKER-MANAGEMENT COOPERATION COMMITTEES AND MANY OTHER NON-MONETARY ISSUES. THE RESULTS GENERALLY HAVE BEEN CONSTRUCTIVE AND FAVORABLE TO MANAGEMENT'S INTERESTS, AND A FEW BREAK-THROUGHS HAVE BEEN ACHIEVED ON DETAILED ISSUES OF PARTICULAR INTEREST TO TUSLOG AND BOEING. ON COMING TO THE MONETARY FEATURES, A WIDE DISPARITY HAS BEEN REVEALED BETWEEN UNION DEMANDS AND THE LIMITS WITHIN WHICH THE TUSLOG/BOEING REPS HAVE BEEN AUTHORIZED TO NEGOTIATE.

2. HARB-IS'S INITIAL PROPOSALS ARE VERY HIGH. IT WOULD APPEAR THAT LINE BY LINE THE UNION INITIALLY DEMANDED THE BEST TERMS CONCEDED IN RECENT CONTRACTS IN THE
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TURKISH ECONOMY AND HAS INCORPORATED THE ANTICIPATED RISE IN THE COST OF LIVING OVER THE TWO-YEAR PERIOD OF THE NEW CONTRACT, THE EFFECTS OF THE EXPECTED DE-VALUATION OF THE TURKISH LIRA AND THE HEAVY UPWARD TREND PREDICTED FOR NEW CONTRACTS, ESPECIALLY IN THE PRIVATE SECTOR. THE TOTAL PACKAGE OF WAGE AND FRINGE BENEFIT INCREASES QUANTIFIED TOGETHER WOULD AMOUNT

TO SOMEWHAT OVER 100 PERCENT IN THE FIRST YEAR OF THE PROPOSED NEW AGREEMENTS AND ABOUT 60 PERCENT IN THE SECOND.

3. FOR ITS PART USAFE, BASED PRIMARILY ON ITS WAGE SURVEY, HAS SET LIMITS FOR THE TUSLOG/BOEING NEGOTIATORS WHICH WITH ALL ELEMENTS QUANTIFIED TOGETHER AMOUNT TO ABOUT 29 PERCENT IN THE FIRST YEAR AND 21 PERCENT IN THE SECOND. AS THE BARGAINING HAS PROCEEDED, THE NEGOTIATORS ARE RAPIDLY REACHING THE AUTHORIZED LIMITS AND HAVE FOUND THESE TOO LOW TO EVOKE A MEANINGFUL COUNTER PROPOSAL FROM THE UNION. A STALL AT THESE WIDE MARGINS COULD BE DANGEROUS AND COSTLY AS THE UNION COULD REQUEST CONCILIATION. SUCH PROCEEDINGS IN TURKEY HABITUALLY PRODUCE AN AWARD "SPLITTING THE DIFFERENCE" AND THUS WOULD PROBABLY RESULT IN UNACCEPTABLY HIGH LEVELS OF WAGES AND BENEFITS. SO FAR, HARB-IS HAS SHOWN NO INCLINATION TO GO THAT ROUTE BUT HAS SOUGHT TO KEEP THE NEGOTIATIONS GOING IN THE HOPE OF A SETTLEMENT AT THE BARGAINING TABLE.

4. IN ASSESSING THE SITUATION, WE BELIEVE THAT THE PARAMETERS SET FOR THE NEGOTIATORS ARE TOO LOW, THAT THE LINE BY LINE LIMITS ON THE VARIOUS ELEMENTS OF THE PACKAGE DO NOT PROVIDE SUFFICIENT FLEXIBILITY FOR TRADE OFFS BETWEEN ONE ITEM AND ANOTHER AND THAT THE OVERALL MONETARY FIGURES FAIL TO TAKE INTO ACCOUNT THE DETERIORATED DOMESTIC ECONOMY IN TURKEY. WE THEREFORE BELIEVE THAT TO KEEP THE NEGOTIATIONS GOING AND TO AVOID PRECIPITATING THE CONCILIATION PROCESS, IN WHICH WE ARE LIKELY TO GET A HOME TOWN DECISION, OUR
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NEGOTIATORS NEED ADDITIONAL FLEXIBILITY, AND WE WOULD APPRECIATE ANYTHING THAT CAN BE DONE TO IMPROVE THEIR HAND IN THIS RESPECT.

5. IN THIS CONNECTION, IT IS OUR EXPECTATION THAT SOME-TIME AFTER THE ELECTION, THERE MAY BE AN IMF-TYPE STABILIZATION PROGRAM HERE, BUT EVEN IF THIS SHOULD BE ACHIEVED (AND THAT IS UNCERTAIN), WE BELIEVE THAT AN EQUITABLE SETTLEMENT WILL REQUIRE SOMEWHAT HIGHER NUMBERS THAN OUR NEGOTIATORS ARE PRESENTLY AUTHORIZED TO DEAL WITH.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COLLECTIVE BARGAINING, LABOR UNIONS, MILITARY BASES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 26-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ANKARA04106
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770188-0755
Format: TEL
From: ANKARA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770516/aaaaanus.tel
Line Count: 109
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e0a6bc89-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2363154
Secure: OPEN
Status: NATIVE
Subject: TUSLOG/BOEING -- DEFENSE WORKERS UNION NEGOTIATIONS
TAGS: ELAB, MILI, TU
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e0a6bc89-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009